

1. Order of 10/16/03 at 5–8.

The DPS agreed to compile the information filed by the electric distribution utilities and, using the methodology approved by the Board in its October 16, 2003, Order, calculate proposed 2004 EEC rates.

On November 20, 2003, the DPS filed two sets of proposed rates, one based on the 2004 Energy Efficiency Utility ("EEU") budget that was approved by the Board in its August 1, 2002, memorandum to the parties in Docket 5980, and the second based upon a 2004 EEU budget of \$15,709,654.² The only difference between the two calculations was the 2004 EEU budget level.

On November 21, 2003, the DPS informed the Board that the use of the \$15,709,654 EEU budget figure was an error, and that the DPS's second calculation should have used a 2004 EEU budget figure of \$15,706,374. However, the DPS asserted this difference is *de minimus* and therefore proposed that the Board use the calculations as filed for 2004, with any variations adjusted for in 2005 when the estimated adjustments used in the 2004 calculation are trued-up.

On November 21, 2003, Vermont Marble filed comments supporting the DPS's second calculation, with the correction of the EEU budget figure to \$15,706,374.

On the same date CVPS filed comments asking whether the DPS would be filing a corrected calculation. CVPS stated that without waiving its prior position (supporting the use of the \$15,706,374 EEU budget), it could support the 2004 EEC rates calculated by the DPS using the EEU budget of \$15,709,654, if recalculating the rates would require significant work.

No other party filed comments on the DPS's calculations.

2. On November 7, 2003, outside this Docket, the DPS filed a letter requesting that the Board reduce the amount to be collected via the EEC in 2004 from \$16,321,795 to \$15,709,654 in order to comply with the cap of 2.9 mills/kWh on total statewide retail sales that is contained in Paragraph 46 of the Memorandum of Understanding ("MOU") approved by the Board in its September 30, 1999, Order in Docket 5980. The Board sent the parties in Docket 5980 questions related to the DPS's request. In the DPS's response to the Board's questions, the DPS stated that based upon revised information it received from Vermont Marble, the Board should reduce the amount to be collected via the EEC in 2004 to \$15,706,374.

In a memorandum issued today outside this Docket, the Board determined that the Paragraph 46 cap limits the amount that can be collected from ratepayers in 2004, but does not limit the EEU budget in 2004. (2004 is the last year in which the 2.9 mills cap applies.) The Board accepted the DPS's calculation that, under the Paragraph 46 cap, the maximum amount that can be collected from ratepayers in 2004 is \$15,706,374. However, the Board concluded that the 2004 EEU budget includes this \$15,706,374 as well as \$160,775.69 in unspent interest income and \$357,327 in unspent and uncommitted funds as of December 31, 2002. As a result, the Board established the 2004 EEU budget at \$16,224,477 (which was a reduction of \$97,318 from the level previously established).

III. DISCUSSION AND CONCLUSION

Our October 16, 2003, Order established the methodology for calculating the year-2004 EEC rates, and required all electric distribution utilities to file certain information related to their 2002 revenues and billing determinants that was needed to apply the approved methodology. The DPS has compiled the information from the electric utilities, and calculated proposed year-2004 EEC rates.

After reviewing the DPS's calculations and the comments we received on those calculations, we are persuaded that the DPS correctly applied the approved methodology. However, the DPS did not use the correct 2004 EEU budget, which is the starting point for the calculation of the 2004 EEC rates.

The DPS provided two calculations, one that used a 2004 EEU budget of \$16,321,795, and the second that used a 2004 EEU budget of \$15,709,654. However, in a separate memorandum issued today outside this Docket, the Board determined that the 2004 EEU budget shall be \$16,224,477. Therefore, it is necessary to substitute the approved 2004 EEU budget for the budget figures used by the DPS in order to calculate the year-2004 EEC rates.

Substituting the approved 2004 EEU budget in the formula used by the DPS to calculate its proposed year-2004 EEC rates results in the 2004 EEC rates shown below. These rates are hereby approved.

The 2004 EEC rates for all utility service territories except for the City of Burlington Electric Department ("BED") and Washington Electric Cooperative, Inc. ("WEC") will be:

- a. For residential customers — 3.180 mills/kWh;
- b. For commercial customers who are not demand-billed — 2.811 mills/kWh;
- c. For commercial customers who are demand-billed — 1.672 mills/kWh and \$0.367952/kW per month, with the kW per month charge assessed on billed peak kW only;
- d. For industrial customers who are not demand-billed — 1.970 mills/kWh;
- e. For industrial customers who are demand-billed — 1.259 mills/kWh and \$0.343490/kW per month, with the kW per month charge assessed on billed peak kW only;
- f. For unmetered street and security lighting customers — 2.811 mills/kWh times the nominal size of the light times 360 hours per month.

The 2004 EEC rates for BED's service territory will be:

- a. For residential customers — 2.468 mills/kWh;
- b. For commercial customers who are not demand-billed — 2.622 mills/kWh;
- c. For commercial customers who are demand-billed — 1.783 mills/kWh and \$0.306237/kW per month, with the kW per month charge assessed on billed peak kW only;
- d. For industrial customers who are demand-billed — 1.442 mills/kWh and \$0.368216/kW per month, with the kW per month charge assessed on billed peak kW only;
- e. For unmetered street and security lighting customers — 2.622 mills/kWh times the nominal size of the light times 360 hours per month.

The 2004 EEC rates for WEC's service territory will be:

- a. For residential customers — 2.254 mills/kWh;
- b. For commercial customers who are not demand-billed — 2.148 mills/kWh;
- c. For commercial customers who are demand-billed — 1.353 mills/kWh and \$0.211922/kW per month, with the kW per month charge assessed on billed peak kW only;
- d. For unmetered street and security lighting customers — 2.148 mills/kWh times the nominal size of the light times 360 hours per month.

IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The year-2004 Energy Efficiency Charge ("EEC") rates for customers of all Vermont electric distribution utilities shall be as stated above.
2. This docket shall be closed.

Dated at Montpelier, Vermont, this 21st day of November, 2003.

<u>s/Michael H. Dworkin</u>)	
)	
)	PUBLIC SERVICE
<u>s/David C. Coen</u>)	
)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: November 21, 2003

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.